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7



SURVEY *of* CURRENT BUSINESS



IN THIS ISSUE . . .

*U.S. International Transactions, Revised Estimates
for 1982–98*

U.S. Multinational Companies: Operations in 1997

*The International Investment Position
of the United States at Yearend 1998*



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It incorporates data from the following monthly BEA news releases:
U.S. International Trade in Goods and Services (June 17),
Gross Domestic Product (June 25), and
Personal Income and Outlays (June 28).

TABLE OF CONTENTS

Special in this issue

60 U.S. International Transactions, Revised Estimates for 1982–98

In this year's annual revision of the balance of payments accounts, the structure of the accounts is modified in order to improve the presentation of the different types of international transactions and to bring the accounts into closer alignment with international guidelines. As a result, U.S. international transactions are now classified into three groups—the current account, the capital account, and the financial account. Several major improvements to the estimates are also introduced, including improved measures of income receipts and improved seasonal adjustment of exports of goods. The revised estimate of the U.S. current-account deficit for 1998 is –\$220.6 billion, compared with the previously published estimate of –\$233.4 billion.

Regular features

1 Business Situation

Real GDP increased 4.3 percent in the first quarter of 1999, according to the NIPA “final” estimate; the “preliminary” estimate issued last month had shown a 4.1-percent increase. Corporate profits increased \$47.1 billion (or 5.7 percent at a quarterly rate) in the first quarter after decreasing \$5.3 billion (0.6 percent) in the fourth.

8 U.S. Multinational Companies: Operations in 1997

The operations of U.S. multinational companies (MNC's) continued to grow at a strong pace in 1997: Worldwide gross product of U.S. parent companies and their majority-owned foreign affiliates increased 5.6 percent, employment increased 6.1 percent, and capital expenditures increased 13.7 percent. The strong growth in MNC operations reflected continued economic growth and a strong upturn in new investments.

36 The International Investment Position of the United States at Yearend 1998

The net international investment position of the United States became more negative in 1998: On a current-cost basis, it was –\$1,239.2 billion, compared with –\$968.2 billion in 1997; and on a market-value basis, it was –\$1,537.5 billion, compared with –\$1,066.3 billion in 1997. The net position on both bases became more negative mainly as a result of large net financial inflows and strong price appreciation in foreign-owned assets in the United States that reflected a steep rise in U.S. stock prices.

48 Direct Investment Positions for 1998: Country and Industry Detail

In 1998, the U.S. direct investment position abroad valued at historical cost increased 13 percent, reflecting record capital outflows—mainly equity capital and reinvested earnings. By country, the largest increases were with the United Kingdom and the Netherlands. The foreign direct investment position in the United States valued at historical cost increased 17 percent, reflecting record capital inflows that were boosted by two exceptionally large transactions involving acquisitions of U.S. firms. By country, the largest increases were with Germany and the United Kingdom.

75 U.S. International Transactions, First Quarter 1999

The U.S. current-account deficit increased \$6.9 billion, to \$68.6 billion, in the first quarter of 1999, as a large increase in the deficit on goods more than offset a small increase in the surplus on services, a small decrease in the deficit on income, and a decrease in net unilateral current transfers. In the financial account, net recorded inflows slowed to \$84.1 billion from \$99.2 billion, as a sharp slowdown in inflows for foreign-owned assets in the United States more than offset a shift from outflows to inflows for transactions in U.S.-owned assets abroad.

Reports and statistical presentations

6 Real Inventories, Sales, and Inventory-Sales Ratios for Manufacturing and Trade

D-1 BEA Current and Historical Data

Inside back cover: Getting BEA's Estimates

Back cover: Schedule of Upcoming BEA News Releases

LOOKING AHEAD

- ✿ ***Results of the 1997 Benchmark Survey of U.S. Affiliates of Foreign Companies.*** The preliminary results of BEA's latest benchmark survey of foreign direct investment in the United States will be presented in a forthcoming issue of the SURVEY. These results will update the annual data series on the operations of U.S. affiliates of foreign companies and will provide additional data that are collected only in benchmark surveys. Data by industry will be presented using a new classification system that is based on the North American Industry Classification System.
 - ✿ ***Revision of the National Income and Product Accounts.*** The upcoming comprehensive, or benchmark, revision of the NIPA's is scheduled for initial release on October 28, 1999. The revision of the NIPA estimates for 1996–98, which would usually have been published in the August SURVEY, will be included as part of the comprehensive revision. The August SURVEY will include an article about the definitional and classificational changes that will be introduced in the comprehensive revision. Articles planned for subsequent issues will describe other changes, including methodological, statistical, and presentational changes.
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